

# The UN's Sustainable Development Goals

In September 2015 the UN's 193 member states unanimously adopted 17 global sustainable goals. The goals, which should be achieved by 2030, are intended to abolish poverty and create a sustainable world. The 17 global goals have been divided into 169 milestones and each milestone is measured with various indicators. Each country is responsible for implementing and following-up its sustainability goals. To achieve the goals, it is required that governments, civil society and business work together.

The 17 sustainable goals are integrated and indivisible, which means that no target can be reached at the expense of another and that success is required in all areas in order to achieve the goals. AP2 has chosen to express its contribution such that the Fund potentially contributes to the goals through its sustainability work and several of the investments that the Fund makes. In the long run, the Fund wants to measure this contribution and work is ongoing, among other things, within GRI (Global Reporting Initiative) and PRI (Principles for Responsible Investment) for producing indicators for investors.

## The Rise Fund

During the year, AP2 invested in The Rise Fund private equity fund, which is managed by TPG Growth. The Rise Fund amounts to USD 2.1 billion in commitments primarily from global institutions, making it the largest so called impact fund that has ever been established. It aims to achieve measurable, positive social and environmental results and a marketable financial return. All investments should have a positive impact on at least one of the UN's global Sustainable Development Goals. The Rise Fund measures the specific size of the impact a potential investment is expected to have during its investment lifecycle, with a focus on the impact of the result as defined by the UN's global sustainability goals.

During 2017 The Rise Fund made seven investments in India, Latin America and North America. All have been within The Rise Fund's seven focus areas: training, energy, financial services, food and agriculture, TMT, health care and infrastructure in emerging countries.

Among the investments made there is a company in India for the production of milk that has a positive impact on three of the sustainability goals (goal 1 No poverty, goal 2 No hunger and goal 3 Health and well-being). Another example is a company in Latin America that provides training with a technological focus.

## Active commitment

AP2 is also committed to the goals in other ways. The Fund's CEO, Eva Halvarsson, has on a number of occasions reported how the Fund's investments contribute to the goals, including at PRI's annual conference in Berlin and at a seminar arranged by Goldman Sachs in

London, among others. Eva Halvarsson has also conducted several interviews, mainly in foreign media, regarding the Fund's work.

The Fund's sustainability analyst is also part of the PRI's Advisory Committee for the UN's Sustainable Development Goals. Read more on page 26.

During the past year, AP2, together with some of Europe's largest pension fund managers, signed an official position on the importance as an institutional investor of investing in solutions that contribute to the UN's goals for sustainable development. The Fund thinks it is important to have a common definition of Sustainable Development Investments and in the official position encouraged other large institutional investors to take similar measures. Last year this initiative received the Responsible Investor award.

During 2017 the Fund signed the "Stockholm Declaration" initiative. Through the initiative, both Swedish and international investors announced that the UN's Sustainable Development Goals will constitute a central framework to work with applicable investments up to 2030.



In autumn 2016 AP2 sent a letter to the chairpersons of around 40 Swedish companies, in which the Fund encouraged them to relate their activities to the UN's 17 global Sustainable Development Goals and report on their approach to the goals by this year's general meeting. In dialogue with the companies, the Fund has followed this up, both prior to and at the 2017 AGM. Read more on page 58.

## Largest expected impact

AP2 has chosen to report a selection of its investments, and which goals they have the greatest expected impact on, by using the document that the Dutch pension managers APG and PGGM produced – Sustainable Development Investments, Taxonomies. The Fund intends to develop this reporting in the future. In the Council on Ethics' report, which will be published in spring 2018, the AP Funds will report on which sustainability goals the Council on Ethics' dialogues will primarily have a potential impact on.

The UN's sustainability goals that are relevant for each section are featured on several of the following pages. The selection of these goals has been made partly with the help of Platform 2030.

## Examples of AP2's investments with contributions to the UN's Sustainable Development Goals

The UN's sustainable goals	The 169 milestones, investible	Investment area	Example of investment opportunity	AP2's investment
 <p><b>2</b> ZERO HUNGER</p>	<p><b>2.4</b> Sustainable food production systems and resilient agricultural practices that increase productivity and production.</p>	Production and productivity.	Sustainable agriculture, farmland.	Approximately 2.5 per cent of AP2's managed assets is invested in farmland. Sustainability issues are central to these investments. Please refer to page 26 for further information.
	<p><b>2.5</b> Maintain the genetic diversity of seeds, cultivated plants and farmed and domestic animals.</p>	Organic agricultural investments and food products.	Organic farming, organic processing and retailing.	AP2 has invested in Teays River Investments which, among other things, via Aurora Organic Dairy, produces organic dairy products in organic dairy farms in the United States. Aurora is one of the USA's largest producers of organic dairy products.
 <p><b>4</b> QUALITY EDUCATION</p>	<p><b>4.3/4.4/4.5</b> Gender, vulnerable and disabled equal access, affordable tertiary and vocational education.</p>	Finance for access to education.	Microfinance funds and affordable finance/loans/credits.	AP2 has invested USD 20 million in a social bond issued by IADB which finances loans to projects in Latin America and the Caribbean. The bond aims to combat poverty by improving the quality of children's education and helping young people into the labour market.
 <p><b>5</b> GENDER EQUALITY</p>	<p><b>5.5</b> Ensure women's full and effective participation and equal opportunities for leadership.</p>	Exceptional and externally recognized approach to promote women into leadership positions.	Microfinance funds that target women.	AP2 has invested USD 30 million in Women Entrepreneurs Opportunity Facility (WEOF), which is a partnership between Goldman Sachs 10 000 Women and IFC (International Finance Corporation), in order to increase the availability of capital for female entrepreneurs in emerging countries.
 <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p>	<p><b>7.2</b> Increase share of renewable energy.</p>	Renewable energy.	Electricity and/or heating generated from wind, solar, biomass, geothermal, hydro, waste, and/or tidal sources.	AP2 has invested, among others, in private equity funds with a focus on renewable energy: Generation Climate Solution, R/C Pattern Energy Feeder and Riverstone Renewable.
 <p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p>	<p><b>11.1</b> Access to safe and affordable housing and basic services.</p>	Affordable housing.	Public/private partnership to build social housing and student housing.	AP2 has invested in a social bond issued by the Dutch bank NWB. The ambition with the bond is to contribute to the financing of the loan for residential buildings and develop solutions for cheaper accommodation for citizens with low incomes and groups that have difficulty in finding accommodation.
	<p><b>11.5</b> Reduce impact of disasters.</p>	Reduce economic losses.	Catastrophe (re)insurance, catbonds.	AP2 invests in alternative risk premiums. The strategies that are included in the portfolio are, among other things, premiums for reinsuring insurance companies, so called catastrophe bonds.

Inspired by APG and PGGM's document Sustainable Development Investments, Taxonomies.